

Issue Brief – School Level Administration

MINIMUM SCHOOL PROGRAM

NUMBER MSP 11

SUMMARY

Funding administrative functions within a charter school continues to represent one of the largest obstacles for a newly formed charter school to overcome. The Administrative Cost program in the Minimum School Program provides some assistance to districts and charter schools to support administrative functions. Further, the Legislature has appropriated additional funds to charter schools to supplement the MSP Administrative Cost formula program.

DISCUSSION AND ANALYSIS

Since the inception of charter schools, properly assimilating them into the established framework and formulas of the traditional public education system has been complex. The Minimum School Program – Administrative Cost program is one area where, although integrated with the traditional system, does not address the complexities of operating a charter school.

Minimum School Program Administrative Costs

The administrative cost formula was created to support school districts, especially districts with low enrollment, with administrative functions. The program allocates Weighted Pupil Units (WPU) to school districts based on their student population: fewer than 2,001 students allocates 53 WPUs; 2,001 to 10,000 allocates 48 WPUs; 10,001 to 20,000 allocates 25 WPUs; and, over 20,000 allocates 16 WPUs.

For the basis of Administrative Funding allocation, the State Board of Education determined that charter schools should represent one school district. The Board provided details on Minimum School Program fund distributions to the Legislature.

In the early years, treating charter schools as one district didn't pose much of a problem because per student enrollments remained low. However, over the past several years as charter school enrollment has exceeded 10,000 students. This increased enrollment has impacted the ability of the administrative cost formula to adequately address the needs of charter school administration.

Impact on Charter Schools

The administrative cost formula assumes that as student population increases, a school district is better able to meet administrative functions without state support. However, each charter school manages administrative and finance procedures locally. As the entire charter school population increases, the total administrative costs among the charter schools increases because more schools begin operation. Instead of having 53 WPUs to split among 8 charter schools in the beginning, in FY 2008 approximately 55 charter schools will divide 16 WPUs.

Charter School Administrative Cost Program

Over the past three years, proposals have surfaced to address the decreasing per school allocation under the MSP Administrative Cost Formula Program. These proposals create a charter school specific administrative cost program. In most cases, the proposals provide a base WPU allocation per school, and provide additional WPUs based on school enrollment level. Schools with larger enrollments would receive more WPUs.

The goal of a charter school administrative cost formula program is to provide sufficient revenue enabling each charter school to hire a staff person to support the administrative functions (budgeting, reporting, student statistics) required of the school. Hiring a dedicated staff person may only be possible in the larger schools, but the program should allow smaller schools to hire a part-time staff person or enter into a contract for these services.

The proposal presented in this brief provides a base allocation to each charter school and an additional amount based on the school's enrollment. Under this proposal, each charter school would receive a base allocation of 10 Weighted Pupil Units. The current value of the WPU is \$2,417, which would provide a base allocation of \$24,170 per school. To account for school size, this proposal allocates additional WPUs based on the student enrollment of a charter school. The scale provides at least one additional WPU for schools enrolling under 50 students and the scale maxes out with an additional 12 WPUs for schools enrolling more than 600 students. The amount of revenue allocated per school presented in this formula range from \$26,587 to \$53,174.

Appendix A provides additional information on school allocations as well as the allocation scale for additional WPUs based on school enrollment. The formula, as presented in Appendix A, estimates the total cost of the program at \$2,528,182.

By establishing a WPU driven program additional costs arise due to other programs in the Minimum School Program that increase as the total number of WPUs increases. Additional programs may include the Voted Leeway, the Board Leeway, and Social Security & Retirement. The WPU based proposal in Appendix A increases the total number of WPUs in the Minimum School Program by 1,046. Estimates indicate that an additional \$550,000 may be required if a WPU program similar to Appendix A is adopted.

Recommendations

The Analyst recommends that the subcommittee consider proposals for charter school –school level administration costs. An audit produced by the Legislative Auditor General indicates that small school districts receive approximately \$120 per student for administrative costs. Since charter schools have many of the same reporting and administrative requirements of small school districts, this may be a good indicator of the level of funding needed to support site based administration.

If the Legislature approved \$120 per charter school student, the total cost would be approximately \$2,889,500. Distribution of these funds would need to be clarified in statute. The Analyst recommends an equal funding base for all charter schools and the remaining revenue distributed on a per student basis.

LEGISLATIVE ACTION

This section provides a guide of what actions might be taken if the Legislature wishes to adopt the recommendations made in this brief. The Analyst recommends the Legislature consider adopting:

1. Evaluate the proposals for site based administrative costs.

APPENDIX APublic Education: Charter School Administrative Funding
10 WPU Base Amount Plus Enrollment

Charter School	Enrollment Estimate	WPU Value: \$2,417					
		Guarantee		Formula		Total	
		WPU's	Amount	WPU's	Amount	WPU's	Funding
Ogden Prep	550	10.0	\$24,170	11.0	\$26,587	21.0	\$50,757
American Prep	530	10.0	24,170	11.0	26,587	21.0	50,757
Walden School	240	10.0	24,170	5.0	12,085	15.0	36,255
Freedom Academy	625	10.0	24,170	12.0	29,004	22.0	53,174
AMES	425	10.0	24,170	9.0	21,753	19.0	45,923
CBA Center	35	10.0	24,170	1.0	2,417	11.0	26,587
Pinnacle Canyon	420	10.0	24,170	9.0	21,753	19.0	45,923
City Academy	180	10.0	24,170	4.0	9,668	14.0	33,838
Success School	60	10.0	24,170	2.0	4,834	12.0	29,004
Soldier Hollow	154	10.0	24,170	4.0	9,668	14.0	33,838
Tuacahn High	216	10.0	24,170	5.0	12,085	15.0	36,255
Uintah River High	52	10.0	24,170	2.0	4,834	12.0	29,004
John Hancock	180	10.0	24,170	4.0	9,668	14.0	33,838
Thomas Edison - North	432	10.0	24,170	9.0	21,753	19.0	45,923
Timpanogos Academy	495	10.0	24,170	10.0	24,170	20.0	48,340
Salt Lake Arts	246	10.0	24,170	5.0	12,085	15.0	36,255
Fast Forward	208	10.0	24,170	5.0	12,085	15.0	36,255
NUAMES	500	10.0	24,170	10.0	24,170	20.0	48,340
Ranches Academy	400	10.0	24,170	8.0	19,336	18.0	43,506
DaVinci Academy	325	10.0	24,170	7.0	16,919	17.0	41,089
Summit Academy	1,000	10.0	24,170	12.0	29,004	22.0	53,174
Itineris	175	10.0	24,170	4.0	9,668	14.0	33,838
North Davis Prep	500	10.0	24,170	10.0	24,170	20.0	48,340
Moab Community	53	10.0	24,170	2.0	4,834	12.0	29,004
East Hollywood High	442	10.0	24,170	9.0	21,753	19.0	45,923
SUCCESS Academy	300	10.0	24,170	6.0	14,502	16.0	38,672
UCAS	375	10.0	24,170	8.0	19,336	18.0	43,506
Lincoln Academy	540	10.0	24,170	11.0	26,587	21.0	50,757
Beehive Science & Tech	123	10.0	24,170	3.0	7,251	13.0	31,421
Wasatch Peak	350	10.0	24,170	7.0	16,919	17.0	41,089
North Star Academy	500	10.0	24,170	10.0	24,170	20.0	48,340
Thomas Edison - South	526	10.0	24,170	11.0	26,587	21.0	50,757
Reagan Academy	650	10.0	24,170	12.0	29,004	22.0	53,174
American Leadership	1,425	10.0	24,170	12.0	29,004	22.0	53,174
Navigator Pointe	515	10.0	24,170	11.0	26,587	21.0	50,757
Odyssey	421	10.0	24,170	9.0	21,753	19.0	45,923
InTech Collegiate HS	200	10.0	24,170	4.0	9,668	14.0	33,838
Entheos Academy	448	10.0	24,170	10.0	24,170	20.0	48,340
Lakeview	750	10.0	24,170	12.0	29,004	22.0	53,174
Legacy Preparatory	500	10.0	24,170	10.0	24,170	20.0	48,340
Liberty Academy	650	10.0	24,170	12.0	29,004	22.0	53,174
Monticello	675	10.0	24,170	12.0	29,004	22.0	53,174
Mountainville	675	10.0	24,170	12.0	29,004	22.0	53,174
Paradigm High	250	10.0	24,170	5.0	12,085	15.0	36,255
Renaissance	616	10.0	24,170	12.0	29,004	22.0	53,174
Channing Hall	625	10.0	24,170	12.0	29,004	22.0	53,174
Spectrum	210	10.0	24,170	5.0	12,085	15.0	36,255
Syracuse Arts	525	10.0	24,170	11.0	26,587	21.0	50,757
George Washington	475	10.0	24,170	10.0	24,170	20.0	48,340
Noah Webster	502	10.0	24,170	11.0	26,587	21.0	50,757
Salt Lake SPA	275	10.0	24,170	5.0	12,085	15.0	36,255
Open Classroom	456	10.0	24,170	10.0	24,170	20.0	48,340
Canyon Rim	475	10.0	24,170	10.0	24,170	20.0	48,340
Guadalupe Schools	100	10.0	24,170	2.0	4,834	12.0	29,004
Karl G. Maeser	500	10.0	24,170	10.0	24,170	20.0	48,340
C.S. Lewis Academy	350	10.0	24,170	7.0	16,919	17.0	41,089
Dual Immersion Academy	350	10.0	24,170	7.0	16,919	17.0	41,089
Edith Bowen	304	10.0	24,170	7.0	16,919	17.0	41,089
Subtotal	24,079	580	\$1,401,860	466	\$1,126,322	1,046	\$2,528,182
Cost Per Student						24,079	\$105

Source: Office of the Legislative Fiscal Analyst (01/07BL)

School Size	WPU's
0 to 50	1
50 to 100	2
101 to 150	3
151 to 200	4
201 to 250	5
251 to 300	6
301 to 350	7
351 to 400	8
401 to 450	9
451 to 500	10
501 to 600	11
601 +	12